SMALL BUSINESS PROGRAM OVERVIEW for Contract Specialists

Office of Small & Disadvantaged Business Utilization

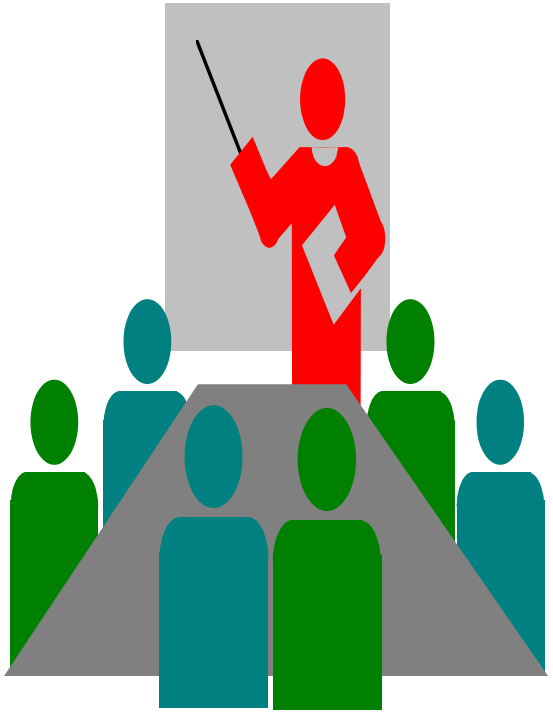
Fred Anderson
WR-ALC/BC

AREAS COVERED

OBJECTIVE

To provide an overview of the Air Force Small Business Program, including that of WR-ALC, with a discussion of the role of the Small Business Office, coordination of proposed acquisitions, and DOD set-aside programs.

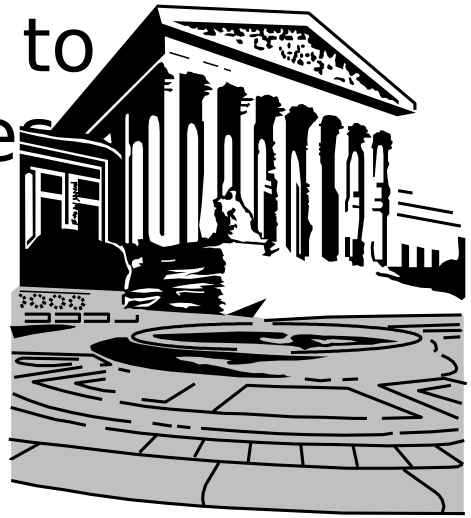
- **WHY A SMALL BUSINESS PROGRAM?**
- **WHAT IS A SMALL BUSINESS?**
- **AIR FORCE SMALL BUSINESS PROGRAM**
- **ROLE OF THE SMALL BUSINESS OFFICE**
- **COORDINATION WITH WR-ALC/BC & SBA**
- **CERTIFICATES OF COMPETENCY**
- **SUBCONTRACTING PLANS**
- **DOD SET-ASIDE PROGRAMS**



WHY A SMALL BUSINESS PROGRAM?

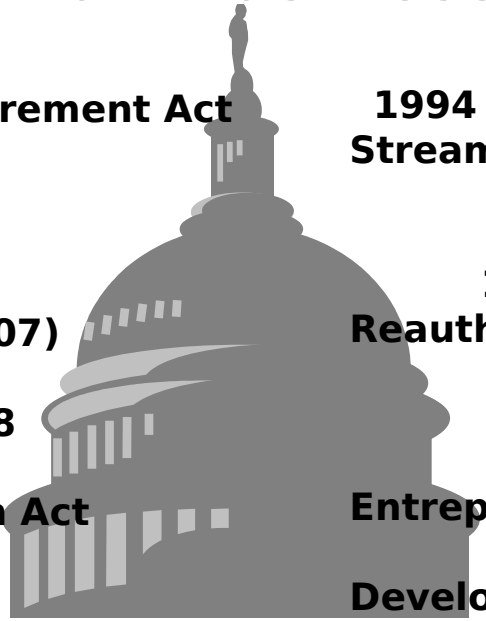
- SB Program Developed by Law
  - Ensure "Fair Proportion" of Federal Acquisitions are placed with small business concerns
  - Broaden Nation's Industrial Base/National Defense

- Small Business Administration (SBA) and Agency SB Offices Created to Carry Out Policies and Directives Mandated By the Law



REF: FAR 19.000 & 19.201

- Successive Legislation Passed to Promote Growth of Small Business



1947 - Armed Services Procurement Act

1953 - Small Business Act

1978 - Amendment to Small Business Act (PL 95-507)

1979 - Executive Order 12138

1987 - Defense Authorization Act (PL 99-661)

1988 – Business Opportunity Development Reform Act (PL 100-656)

1994 - Federal Acquisition Streamlining Act (PL 103-355)

1997 - Small Business Reauthorization Act (PL 105-135)

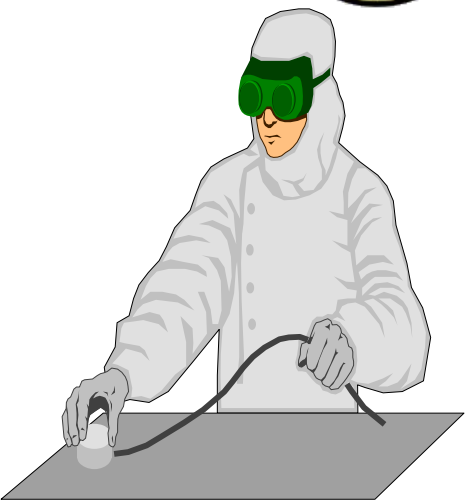
1999 – Veterans Entrepreneurship & Small Business Development Act (PL 106-50)

2003 – Veterans Entrepreneurship & Benefits Improvement Act (PL 108-183)

"The Government should aid, counsel, assist, and protect, insofar as possible, the interests of small business concerns to ensure that a fair proportion of the total purchases... Be placed with small business enterprises..."

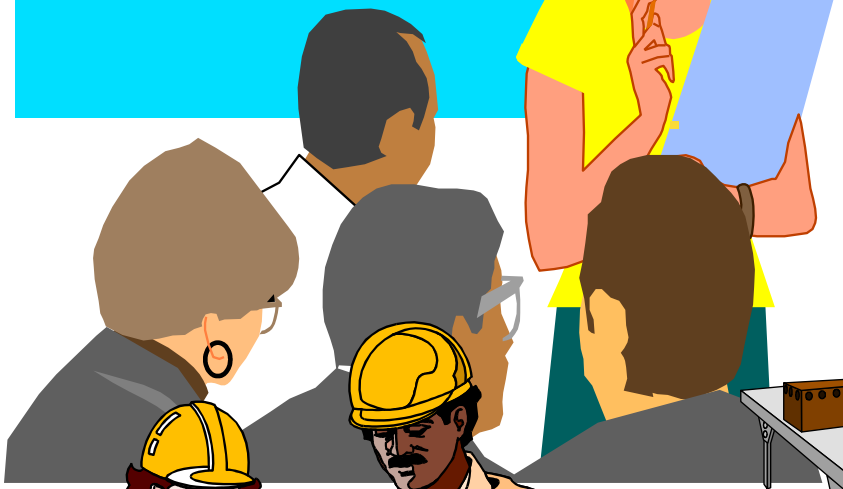
WHAT IS A SMALL BUSINESS?

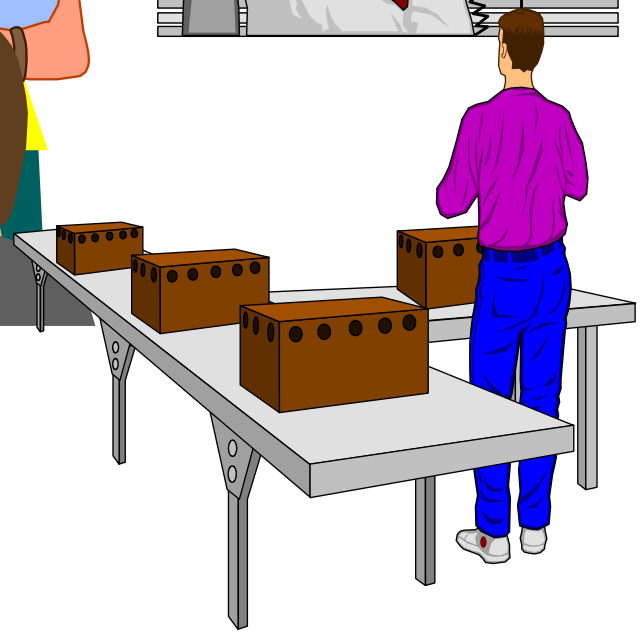
WARNER ROBINS AIR LOGISTICS CE



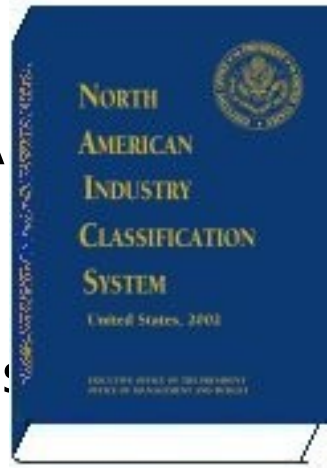
Who are they?

What do they do?





- Small Business Concern?
  - Independently Owned and Operated
  - Not Dominant in Field of Operation in which it is Bidding on Government Contracts
  - Qualify under Size Standards established by SBA



- Application of Size Standard
  - Classify product/service by North American Indus Classification (NAICS) codes
  - Identify corresponding size standard
    - -- Supplies: Number of Employees
    - -- Services: Preceding 3 years average annual receipts
  - PCO determines appropriate NAICS code (BC only recommends)

REF: 13 CFR 121, FAR 19.001, 19.101 & 19.102

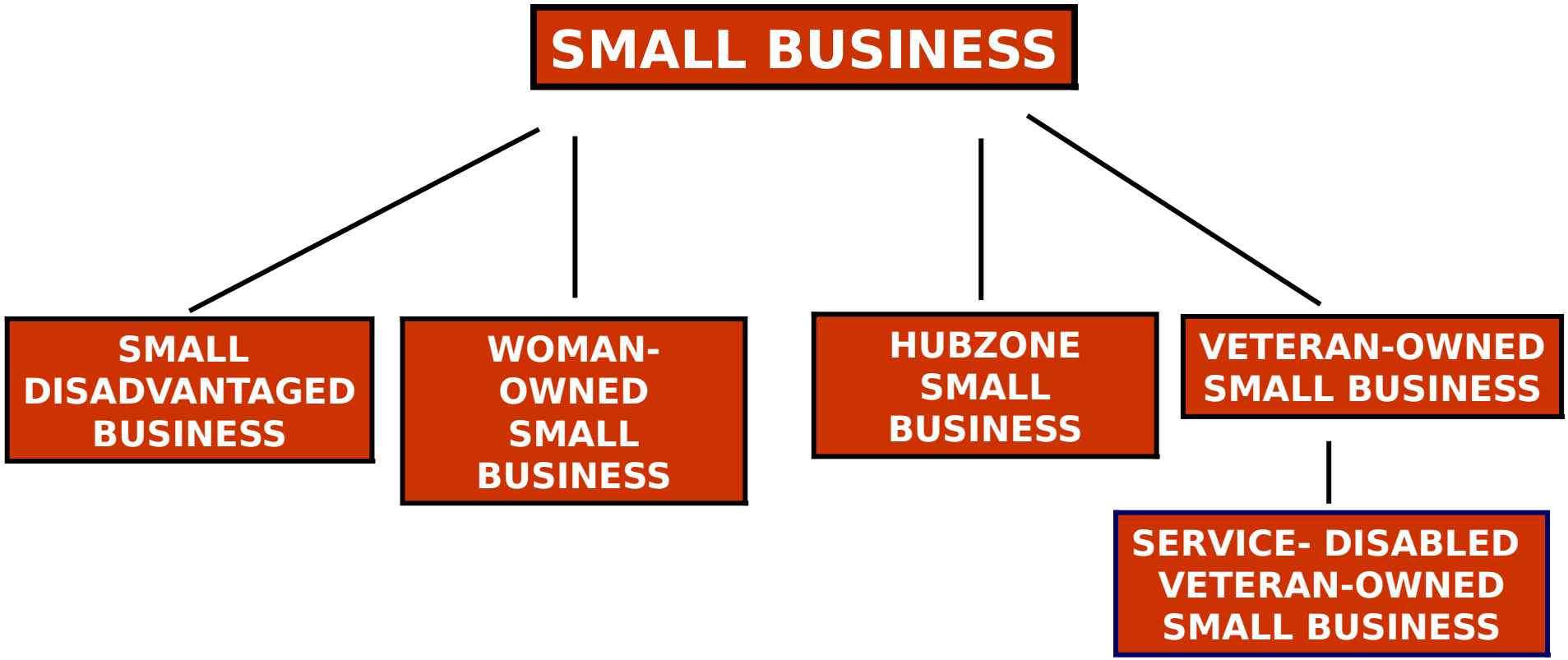
- Who is Small?

REQUIREMENT	NAICS CODE	SIZE STANDARD
Aircraft Airframe Part	336413	1000 Employees
Aircraft Radar Part	334511	750 Employees
Engineering Services	541330	$23.0 Million
Landscaping Services	561730	$6.0 Million

- Websites

  - NAICS: http://www.census.gov/epcd/www/naics.html
  - Size Standards: http://www.sba.gov/size/sizetable2002.html

- Small Business – Who is included?

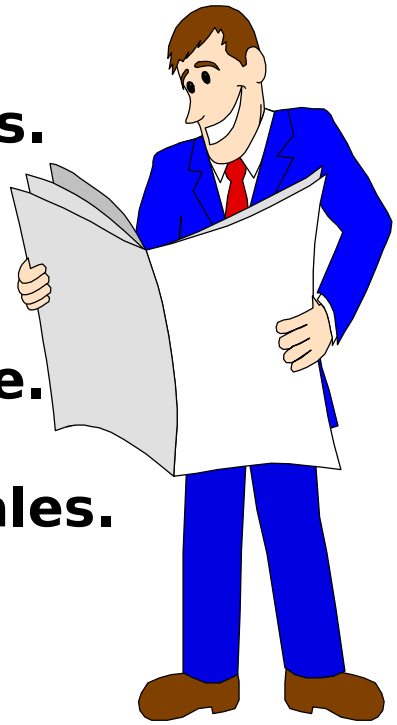


REF: FAR 19.001, 19.8, & 19.13

SMALL BUSINESS FACTS

They...

- ☑ **... Account for 99% of all U.S. employers.**
- ☑ **... Create 2 out of every 3 new jobs.**
- ☑ **... Employ 51% of the private work force.**
- ☑ **... Are responsible for 47% of all U.S. sales.**
- ☑ **... Produce 55% of innovations.**



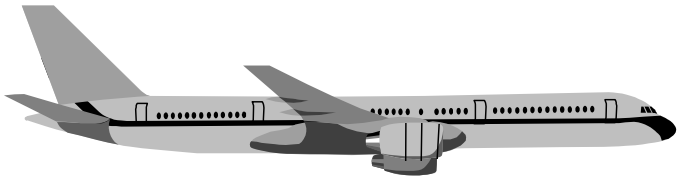
REF: SBA Office of Advocacy

INVENTED BY SMALL BUSINESS

Audio Tape Recorder

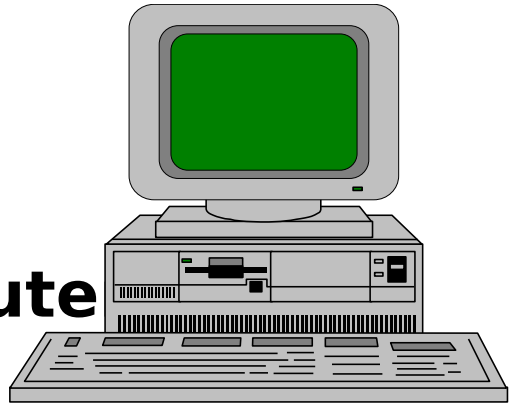
Pacemaker

Airplane Line



Assembly

Insulin Scanner



Optical

Personal Compute Conditioning

Air

Heart Valve

Soft Contact lens

REF: SBA Office of Advocacy

AIR FORCE SMALL BUSINESS PROGRAM

- Objectives
  - Maximize Contracting Opportunities for Small Business
  - Promote Effective Outreach Program

- Who's Responsible for Implementing?

  - COMMANDERS are responsible for effectively implementing the small business programs within their activities, including achieving program goals. They are to ensure contracting and technical personnel maintain knowledge of small business program requirements and take all reasonable action to increase

REF: AFI 64-201

- Participants
  - Senior Leaders
    - -- AF
    - -- AFMC
    - -- ALCs
  - Contracting
  - Program Management
  - Requirements
  - Engineering
  - SB Specialists

WR-ALC COMMANDER

OFFICE OF SMALL AND DISADVANTAGE BUSINESS UTILIZATION (WR-ALC/BC)

Small Business Administra Area III Office (Georgia)

SBA Procurement Center Representatives (SBA/PCR)

REF: WR-ALC-RAFBMD 410-1

ROLE OF SMALL BUSINESS OFFICE

WARNER ROBINS AIR LOGISTICS CE

- Maximize SB Participation
  - Review Acquisitions, Make Set-Aside Recommendations, and Provide Sources
  - Attend Program Reviews/Acquisition Strategy Panels
  - Publicize SB Program
- Counsel Contractors
  - Advise what the Center's Needs are
  - Coordinate Inquiries/Guidance Reques
  - Interface with Product Directorates
- Evaluate Subcontracting Plans

REF: AFI 64-201, DFARS 219.201

- Manage Outreach Program
  - Federal Procurement Conferences
  - Southeast Area SB Council
- Track SB Goal Progress for **Commander**
  - Center Small Business Plan
- Education
  - Awareness & Training Sessions
  - Advise & Assist PCOs/Buyers on SB Matte
- Source Development
  - Market Research

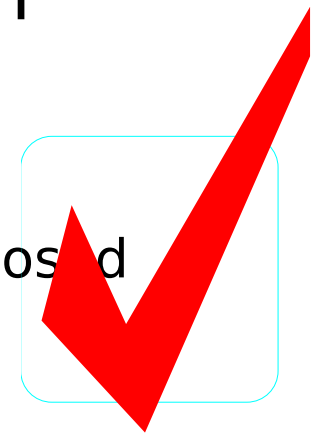
REF: FAR 19.7, AFR 64-201, DFARS 219.201, AFMCFARS 5309.205, FAR

COORDINATION WITH BC & SBA/PCR

- Use DD Form 2579 (SB Coordination Record)
  - **http://web1.whs.osd.mil/icdhome/DD2500-.htm**

- Coordination required <u>before</u> issuance of solicitation or contract modification

- Threshold
  - <u>All</u> acquisitions <u>over $10,000</u> regardless of proposed method of procurement



<u>REF: FAR 19.202, DFARS 219.201(d)(10)(A) & (B), AFARS 5319.501(c), & Part 19 of WR-ALC Contracting Handbook</u>

- Ensure package is complete prior to forwardi
  - See Part 19 of WR-ALC Contracting Handbook

- Coordination Flow

- Recoordination
  - Acquisition method changes
  - Additional PRs added to those already coordinated
  - Withdrawal of Set-Aside

LOCATING SOURCES

- PRO-Net and CCR integrated 1 Jan 04
  - One portal for searching SB sources
  - CCR assumes all PRO-Net search capabilities/functions
  - Go to http://www.ccr.gov and click on “Dynamic Small Business Search” button

LOCATING SOURCES Cont'd

http://www.fss.gsa.gov

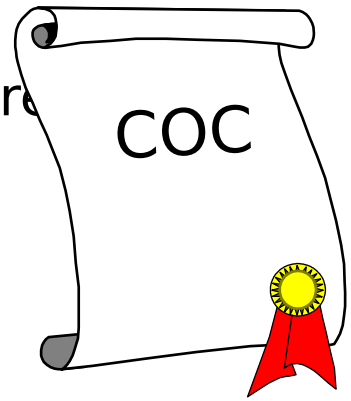
GSA Schedules e-Library
GSA Federal Supply Service

Thomas Register
industry. answers. results.

http://www2.thomasregister.com

CERTIFICATES OF COMPETENCY

- Definition
  - Issued by SBA stating holder is responsible to r
    and perform specific contract
  - Required when apparent successful SB offeror
    determined non-responsible



- Process
  - PCO withholds award & refers matter to SBA Area Office
    -- Website: http://www.sba.gov/GC/indexprograms-cocr.html
  - SBA has 15 days to:
    -- Inform the SB and offer them chance to apply for COC
    -- Deny or Indicate Decision to Issue a COC and notify the PCO
  - PCO/Contracting Agency may appeal SBA COC Issuance if >$100 K
    -- Final determination by SBA Headquarters

REF: FAR 19.6

SUBCONTRACTING PLANS

- When Required
  - Contract/Contract Mod with subcontracting possibilities expected to exceed $500,000 (or $1 M for construction)
  - Plan not required from small businesses

- Content
  - Separate percentage goals for using SB, SDB, WOSB, VOSBs, SDVSBs, and HUBZone SBs as subcontractors
  - Total dollars planned to be subcontracted in each area
  - 9 other elements (see FAR 19.704)

- Coordination with BC & SBA
  - Use WR-ALC SB Subcontracting Check List and submit with Plan
  - Forward results of plan negotiations to BC

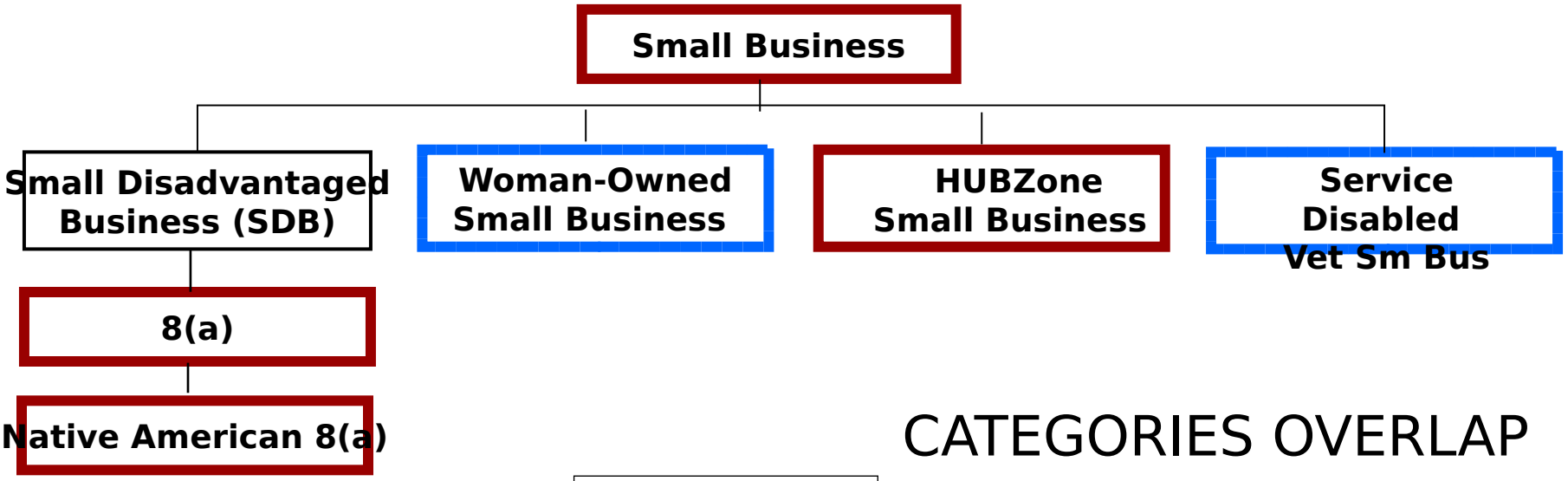
REF: FAR 19.7 & 19.705 of the WR-ALC Contracting Handbook

DOD SET-ASIDE PROGRAMS

- **Order of Precedence**
  - 8(a) Set-Aside
    -- HUBZone 8(a)
    -- Other 8(a)
  - HUBZone Set-Aside Competition
  - HUBZone Sole Source
  - Small Business Set-Aside

- **References**
  - FAR 19.800(e); FAR 19.1305(a); FAR 19.502

SET ASIDE AUTHORITY



CATEGORIES OVERLAP

= No Set-Aside

= May Use Set-Aside

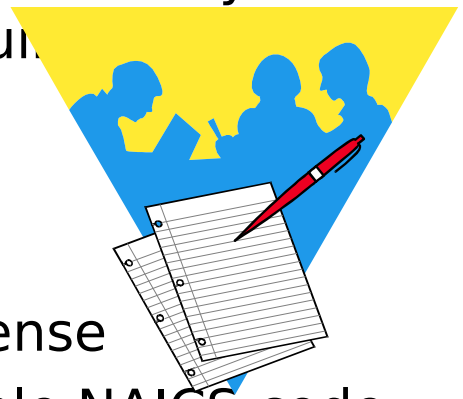
= Future Set-Aside Authority

SECTION 8(a) PROGRAM

- Background
  - Business Development Program for SDBs – 9 Year Term
  - SBA Certifies & Monitors all Firms
  - Allows 8(a) Firms to Receive Sole Source Contracts
    -- Thresholds: Up to $3 M for Services and $5 M for all other
    -- Over Thresholds can compete 8(a)
    -- Exception: A sole source 8(a) contract can be written for any dollar value to an Alaskan Native or tribally-owned 8(a) firm

REF: FAR 19.8

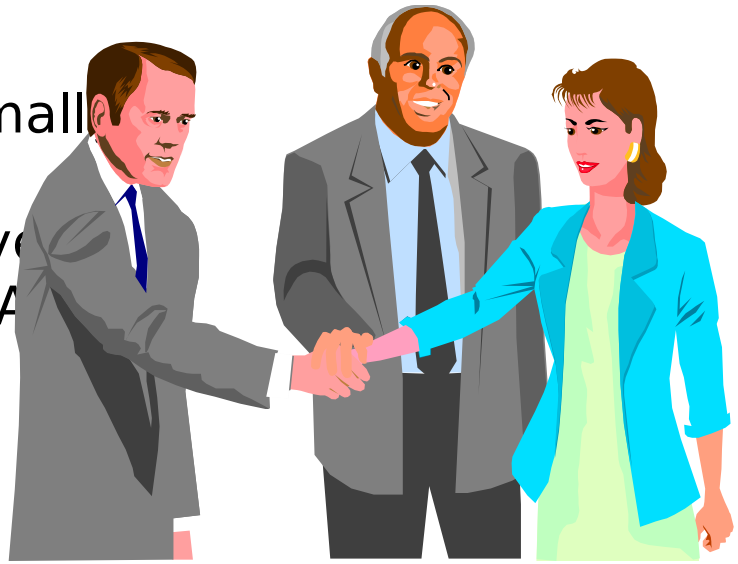
- Selecting Acquisitions
  - Upfront (when PR generated) or upon BC review
  - Considerations: Complexity, Quantity, Acquisition History
  - BC matches 8(a) firm to the requirement unless already identifie
  - Neither a J&A nor Sole Source Justification requi
  - Synopsis only required for competitive 8(a)



- Agency Offering
  - BC does offering letter to SBA with 5 day suspense
  - Includes description of supply/service, applicable NAICS code, estimated dollars, recommended firm, and acquisition history

REF: FAR 19.8

- SBA Acceptance
  - Cognizant SBA District Office formall
    accepts/rejects
  - BC forwards response to PCO/Buy
  - Buyer issues solicitation upon SBA
    acceptance



- 8(a) Award
  - Buyer negotiates and awards bilateral contract
    -- Partnership Agreement between DOD & SBA authorizes
    DOD to award direct 8(a) contract without SBA signature
  - Ensure copy of contract/PO forwarded to SBA and BC
  - Withdrawals of 8(a) set-asides coordinated through BC
  - NOTE: 8(a) offering and SBA acceptance not required for

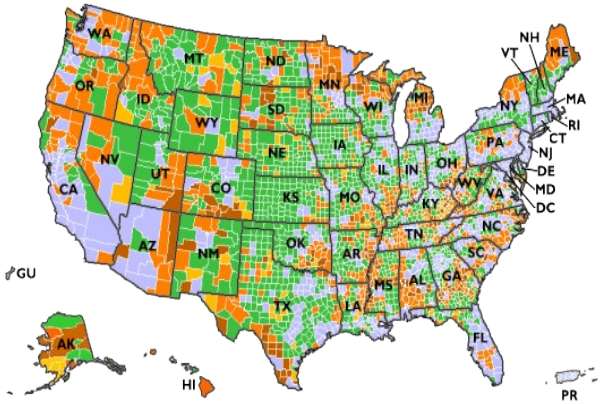
REF: FAR 19.8

HUBZone PROGRAM

- Background
  - Purpose
    - -- Provide federal contracting assistance for qualified small business concerns located in economically distressed urban and rural areas
    - -- Increase employment opportunities
    - -- Stimulate capital investment
  - Contracting Preference
    - -- Small businesses located in, and hiring employees from, historically underutili business (HUB) zones

REF: FAR 19.1301, 13 CFR 126

- Qualified HUBZones
  - Located within one or more:
    (1) Qualified *Census Tracts*
    -- Urban Areas
    (2) Qualified *Non-Metropolitan Counties*
    -- Rural Areas
    -- Median household income <80% of the non-metropolitan state median household income **or**
    -- Unemployment rate that is not <140% of the statewide average unemployment rate
    (3) *Indian Reservations*



REF: 13 CFR 126

- HUBZone Small Business
  - Small Business
  - Exclusively owned & controlled only by U.S. citizens
  - Principal office located in a HUBZone
  - At least 35% of employees reside in a HUBZone

- SBA Website of Certified HUBZone Firms
  - https://eweb1.sba.gov/hubzone/internet/general/approved-firm
  - Query CCR Dynamic SB Search
    -- http://www.ccr.gov

REF: FAR 19.13

- HUBZone Contracting Preferences
  - HUBZone Set-Aside Competition
    -- Reasonable expectation at least two HUBZone firms will submit offers and award can be made at fair market price
  - HUBZone Sole Source
    -- Acquisition > $100,000
    -- Anticipated award will not exceed certain dollar thresholds ($5 M for manufacturing and $3 M for all other)
    -- Firm is responsible and award can be made at fair price
    -- J&A is required
  - Price Evaluation Preference of 10%
    -- Full & Open Competition > $100,000

REF: FAR 19.13

SMALL BUSINESS SET-ASIDES

- All acquisitions within or exceeding the Simp Acquisition Threshold (SAT) wherein there is a reasonable expectation that:

  (1) Offers will be obtained from at least two responsible small businesses*; and

  (2) Award can be made at a fair market price.

*If there are no SB manufacturers, SBA way waive the non-manufactur rule. Up to $25,000, offerors may provide the product of either a large small business manufacturer.

- Withdrawals must be coordinated thru BC an SBA

REF: FAR 19.502-2 and 19.102(f)

WR-ALC FY04 Small Business Program

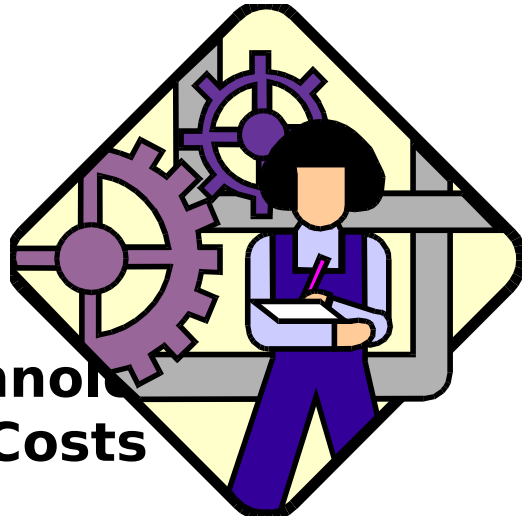
Performance Thru 31 Dec 03

CATEGORY	GOAL	PERFORMANCE
SB Base	N/A	$686.9 M
Small Business	$710.4 M/ 21.0%	$105.9 M/ 15.4%
Small Disadvantaged	$179.5 M/ 4.2%	$ 12.5 M/ 1.8%
Woman-Owned	$ 83.5 M/ 1.9%	$ 3.0 M/ 0.4%
HUBZone	$ 47.2 M/ 1.4%	$ 6.6 M/ 1.0%
Service Disabled Vet	$ 12.5 M/ 0.3%	$ 0.03 M/

SOURCE: J001 Report

THANK YOU FOR YOUR CONTINUING SUPPORT OF THE CENTER'S SMALL BUSINESS PROGRAM

Remember: ***It's In The National Interest***



Small Businesses:

- -- **Create Jobs**
- -- **Are Leaders of Innovations & Technol**
- -- **Increase Competition – Decrease Costs**